

March 21, 2017

The Honorable Kevin Brady  
United States House of Representatives  
100 Longworth House Office Building  
Washington, DC 20515

Re: American Health Care Act

Dear Chairman Brady:

On behalf of the Employers Council on Flexible Compensation (ECFC), we are writing to thank you for recognizing the importance of consumer-directed health accounts in the American Health Care Act under consideration by the House of Representatives and delaying the Excise Tax.

ECFC is a membership association dedicated to maintaining and the availability of benefit choices for working Americans through account-based benefit plans which provide benefits in areas such as health care, child care and commuting. ECFC's members include employers who sponsor employee benefit plans, including Health Reimbursement Arrangements (HRAs), Flexible Spending Arrangements (FSAs), and HSAs, as well as insurance, accounting, consulting, and actuarial companies that design or administer employee benefit plans. ECFC member companies assist in the administration of cafeteria plan and health benefits for over 33 million employees and dependents.

The American Health Care Act recognizes the importance of consumer-directed health accounts in this legislation. Consumer-directed health accounts provide a means of financing health care costs incurred under health plans, particularly under high deductible health plans, and help many Americans afford critical health care procedures that might otherwise force them into bankruptcy. Users of HSAs and FSAs are middle class families. On average, they earn roughly \$57,000 per year, which is less than 300% of the federal poverty level (FPL).

In particular, we are pleased that this legislation includes provisions that will expand and promote consumer-directed health accounts. The bill will expand who is eligible to make contributions to HSAs and increase the amount that individuals can contribute. The bill also provides needed changes to the HSA rules that will encourage employers to continue to offer these accounts as options for their employees and for families to prepare for their health care financing needs. In addition, the bill will reverse some of the provisions of the Affordable Care Act (ACA) that were detrimental to consumer-directed health plans, such as the cap on employee contributions to FSAs and the prohibition on reimbursements for over-the-counter medications from FSAs, HRAs and HSAs unless they are prescribed by a provider.

In addition, we are very appreciative of the efforts in this legislation to delay the implementation of the excise tax on high cost health plans, commonly referred to as the "Cadillac Tax." This excise tax is causing employers to curtail or eliminate many employer-sponsored arrangements that promote efficient health care such as wellness program incentives and consumer-directed arrangements such as FSAs, HRAs and HSAs. We understand that due to the budget reconciliation rules this tax was not repealed, however, the repeal of this excise tax is an important priority of ECFC's members on behalf of the employers and employees it represents, and we welcome your commitment to the repeal of this excise tax in future legislation.

Consumer-directed health accounts are an important element in providing affordable health care to all Americans, and we support the provisions of the American Health Care Act which will support and expand consumer-directed health plans. Please contact Martin Trussell (202.350.1788 or [mtrussell@ecfc.org](mailto:mtrussell@ecfc.org)) or Bill Sweetnam (202.465.6397 or [wsweetnam@ecfc.org](mailto:wsweetnam@ecfc.org)) with any questions.

Sincerely,



Martin Trussell  
Executive Director



William F. Sweetnam, Jr.  
Legislative and Technical Director